

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Nakano Analyst: Kristina E. North Bill Number: AB 1859

Related Bills: See Prior Analysis Telephone: 845-6978 Amended Date: June 24, 2004

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Limited Liability Companies/Certificate of Cancellation

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

☒ FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED JUNE 15, 2004, STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY

This bill would allow domestic limited liability companies (LLCs) to cancel their existence in California without obtaining a tax clearance certificate.

SUMMARY OF AMENDMENTS

The June 24, 2004, amendments made the following changes:

- ◆ Modified the phrase "final franchise tax return" to be "final tax return."
- ◆ Replaced "articles of incorporation" with "articles of organization."
- ◆ Removed an erroneous reference to the minimum franchise tax and replaced it with annual taxes and fees.
- ◆ Included language indicating LLCs can be subject to tax under the Corporation Tax Law.

The June 24, 2004, amendments resolved all but one of the department's technical considerations. The remaining technical consideration is stated below for convenience and an amendment is

Board Position:

_____ S	_____ NA	_____ NP
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_____ N	_____ OUA	_____ PENDING

Legislative Director

Date

Brian Putler

7/19/04

provided. The remainder of the department's analysis of the bill as amended June 15, 2004, still applies.

POSITION

No Position.

On June 10, 2004, the Franchise Tax Board voted 2-0 to take no position on this bill, as amended April 12, 2004.

TECHNICAL CONSIDERATION

The final tax *return* requirement provision includes an inaccurate reference. Amendment 1 would correct the reference.

LEGISLATIVE STAFF CONTACT

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 1859
As Amended June 24, 2004

AMENDMENT 1

On page 3, strikeout lines 12-15 and insert:

Franchise Tax Board as required under Part 10.2 of Division 2 of the Revenue and Taxation Code.